

# BUDGET LETTER

<b>SUBJECT:</b> 2019 WILDFIRES COST REPORTING	<b>NUMBER:</b> 19-31
<b>REFERENCES:</b>	<b>DATE ISSUED:</b> October 30, 2019
	<b>SUPERSEDES:</b>

TO: Agency Secretaries  
Department Directors  
Departmental Budget and Accounting Officers  
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This BL informs departments of required 2019 wildfire-related cost reporting on a monthly basis until notified of an end date.

<b><i>Deadlines and Deliverables</i></b>	
<b>Beginning November 5, 2019, and by the 5<sup>th</sup> of each subsequent month</b>	Departments are to report total estimated costs for 2019 wildfires through their Agency. Each Agency will submit a consolidated spreadsheet to their Finance Budget Analyst. Departments that do not report directly to an Agency shall submit a spreadsheet to their Finance Budget Analyst.

## **Background**

On October 25, 2019, the Governor proclaimed a state of emergency in Sonoma and Los Angeles counties because of the effects of the Kincade and Tick fires, which have destroyed structures, threatened homes and critical infrastructure, and caused the evacuation of tens of thousands of residents. In addition, on October 27, 2019, the Governor declared a statewide emergency due to the effects of unprecedented high-wind events that have resulted in fires and evacuations across the state, including the Getty fire in Los Angeles County. State departments have been tasked with various response and recovery activities related to these incidents, and may be tasked with response and recovery activities related to any additional significant incidents that occur through the end of 2019.

## **Disaster Response Emergency Operations Account**

In addition to the usual methods for appropriating funds, under Government Code section 8690.6, the Director of Finance may provide any department with an augmentation from the Special Fund for Economic Uncertainties (i.e., the General Fund "Reserve") through the Disaster Response-Emergency Operations Account, upon notification of the Legislature.

This authority provides for the funding of disaster response costs through two steps. First, the Director of Finance is authorized to augment the Disaster Response-Emergency Operations Account from the Special Fund for Economic Uncertainties. Second, a continuous appropriation from the Disaster Response-Emergency Operations Account authorizes allocations by the Director of Finance to state agencies for disaster response costs incurred by state agencies as a result of a state of emergency proclamation by the Governor. These allocations may be for emergency protective measures for the preservation of life or property within the state, or for activities necessary for the resumption of regular state and local government operations and services.

Generally, allocations pursuant to Government Code section 8690.6 are made for state operations and local assistance programs. As such, requests for funding of building repairs that do not involve substantial structural work will be treated as a support budget issue.

In the event that funds are accessed pursuant to Government Code section 8690.6, Executive Orders allocating funds from (a) the Special Fund for Economic Uncertainties to the Disaster Response-Emergency Operations Account and (b) from the Disaster Response-Emergency Operations Account to the department, will be prepared by the Department of Finance.

### **Cost Reporting**

Many departments and Agencies have assisted in 2019 wildfire-related activities, which may result in costs that cannot be absorbed within existing budgets. In an effort to track overall state costs, and to make informed financial decisions, the Department of Finance is requesting that all departments provide monthly cost estimates associated with 2019 wildfire-related activities.

Attachment I provides the format for the monthly reporting by Agency, which shall commence **November 5, 2019**, and continue by the **5<sup>th</sup> of each subsequent month** until further notice. Although this is relatively high-level reporting, more detailed backup and substantiation should be maintained for potential reporting to the Office of Emergency Services or your Finance Budget Analyst upon request.

Additional points of clarification:

- This financial reporting does not take the place of State Operations Center reporting that each department may already provide to the Office of Emergency Services.
- The reporting of costs is not a guarantee of funding and Agencies are encouraged to work closely with their Finance Budget Analyst for any 2019 wildfire-related funding needs or questions.
- Each month should be an estimate of total costs, not an incremental change to the prior month or specific costs for just the month of the report.
- Although Attachment I includes a field titled "Absorbable Y/N?" the goal of the reporting is to capture extraordinary costs beyond current budgeted levels. For example, while staff may be spending significant time coordinating or responding to wildfire needs, their normal work hours or salaries would generally be assumed to be absorbable. However, extraordinary levels of overtime that cannot be absorbed within existing resources may fit the criteria for potential additional funding. Additionally, departments may be required to enter into new contracts for goods or services that cannot be absorbed within existing resources.

- All costs should be reported in a consolidated spreadsheet by each Agency, and should be attributed to the department/agency that will ultimately incur the additional cost. For departments that do not report to an Agency, a spreadsheet should be submitted directly to your respective Finance Budget Analyst.

If you have questions regarding this BL, please contact your assigned Finance Budget Analyst.

/s/ Matt Almy

Matt Almy  
Program Budget Manager

Attachment